

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 96-059-C - ORDER NO. 96-767
NOVEMBER 8, 1996

IN RE: Application of Northwest Communications,) ORDER
Inc. DBA Automated Information Management) APPROVING
Systems for a Certificate of Public) CERTIFICATE
Convenience and Necessity to Provide)
Intrastate Resold Telecommunications)
Services within the State of South Carolina.)

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of Northwest Communications, Inc. DBA Automated Information Management Systems ("NWC" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of intrastate interexchange telecommunications services in the State of South Carolina. The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1995) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed NWC to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of NWC's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. NWC complied with this instruction and provided the Commission with proof of publication

of the Notice of Filing. A Petition to Intervene was filed by the Consumer Advocate for the State of South Carolina (the "Consumer Advocate").

A hearing was commenced on October 1, 1996, at 11:00 a.m., in the Commission's Hearing Room. The Honorable Guy Butler, Chairman, presided. NWC was not represented by counsel. Hana P. Williamson, Esquire, represented the Consumer Advocate. Catherine D. Taylor, Staff Counsel, represented the Commission Staff.

Larry L. Linenschmidt, Chief Financial Officer for NWC, appeared and offered testimony in support of NWC's Application. Mr. Linenschmidt stated that NWC is a Nevada corporation which is registered to do business in South Carolina as a foreign corporation. According to Mr. Linenschmidt, NWC proposes to offer long distance services using resold transmission services of carriers certificated to carry traffic in South Carolina. Mr. Linenschmidt explained the Company's request for authority to provide interexchange telecommunications services in South Carolina as a reseller. The record reveals the Company's services, operations and marketing procedures. NWC offers as part of its services pre-paid calling cards (debit cards). The Company often sells the debit cards to charities. The charities then sell the debit cards to consumers or end-users of the cards. The end-users pay for the per minute usage price of the service; they also make a contribution to the charity when purchasing the card. The Company also offers "collectible" calling cards. Purchasers of collectible cards pay for the per minute usage fee and also pay a flat charge

for the card itself and its "collectible" nature.

Mr. Linenschmidt also explained that NWC possesses the technical, financial and managerial abilities to provide its services in South Carolina. Mr. Linenschmidt further testified that the Company would make certain changes to its proposed tariff to comply with Commission guidelines and prior Orders.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. NWC is incorporated under the laws of the State of Nevada and is licensed to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. NWC operates as a non-facilities based reseller of interexchange services and wishes to provide its services in South Carolina.

3. NWC has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to NWC to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications

Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for NWC for its resale services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. NWC shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. NWC shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1995).

4. NWC shall file its revised maximum tariff and an accompanying price list within thirty (30) days of the date of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

5. NWC is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

6. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

7. NWC shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If NWC changes underlying carriers, it shall notify the Commission in writing.

8. With regard to the origination and termination of toll calls within the same LATA, NWC shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

9. NWC shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

10. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility

representative who is prepared to discuss, on a regulatory level, customer relation (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. NWC shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced, and the Company is directed to comply with the Commission regulations unless waived by the Commission.

11. In order to prevent confusion on the part of the end-user, we order that NWC shall print on both its "charitable" debit cards and "collectible" debit cards the denomination of time (i.e., the amount of time on the card), the total cost of the minutes of use on the card, and the per minute charge. For example, if a card provided ten minutes of time to the customer, and the per minute charge for the card is \$.50, then the card should state that ten minutes of time are on the card, that the per minute charge is \$.50, and that the total price of the card is \$5.00. If NWC agrees with a particular charity that an identifiable donation will be requested of the end-user/purchaser of the "charitable" debit cards by the charity, then the Company shall print that amount on the charitable cards also. In other words, if NWC reaches an agreement to provide cards to a particular

charity, and the charity determines it will request a \$5.00 charitable donation from the consumer for the card in addition to the card's price, the Company shall print on the card "Suggested Donation: \$5.00." If the consumer chooses to make a larger donation or, if the charity will accept a smaller donation, then the consumer or the charity may do so. NWC and the charities to which it sells debit cards are encouraged to clarify for consumers the actual per minute value of the cards. The Company shall print on the "collectible" cards the surcharge which will be charged on those cards. The Company shall file a separate tariff for the collectible cards and the individual offerings of the collectible cards, denoting the surcharges, with the Commission.

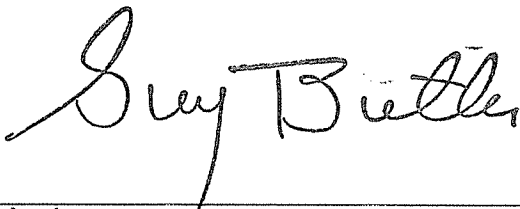
12. With regard to NWC's debit card offerings, the Commission requires, as a condition of offering debit card services, the Company to post with the Commission a bond in the form of a Certificate of Deposit worth \$5,000 drawn in the name of the Public Service Commission of South Carolina or a surety bond in the amount of \$5,000. The Certificate of Deposit shall be drawn on federal or state chartered banks or savings and loan associations which maintain an office in this state and whose accounts are insured by either the FDIC or the Federal Savings and Loan Insurance Corporation. A surety bond shall be issued by a duly licensed bonding or insurance company authorized to do business in South Carolina. This condition may be reviewed in one year.

13. If the Company sells its debit cards to retail establishments for resale of the debit cards, and the retailer of

the debit cards deviates from the suggested retail price as filed in the tariff, or as approved by the Commission in a special promotion, then the Company will withdraw its cards from that retail outlet. This Commission strongly suggests that the Company enter into written agreements with its South Carolina retail outlets regarding this policy of abiding by suggested retail pricing prior to the outlet marketing the card.

14. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Chairman

ATTEST:


Deputy Executive Director
(SEAL)

DOCKET NO. 96-059-C - ORDER NO. 96-767
NOVEMBER 8, 1996
ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'S

COMPANY NAME

FEI NO.

ADDRESS

CITY, STATE, ZIP CODE

PHONE NUMBER

- (1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12
MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- * THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION
WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX,
CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.
- (4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR
ENDING _____.
- * THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.
- (5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS
WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT
(SEE #3 ABOVE).

SIGNATURE

NAME (PLEASE TYPE OF PRINT)

TITLE
